

U.S. DISTRICT COURT
UNITED STATES DISTRICT COURT
DISTRICT OF MAINE
PORTLAND
RECEIVED & FILED

UNITED STATES OF AMERICA

NOV 30 2018 P 4: 01

Crim. No. 2:18-cr- 178-DBH

v.

DEPUTY CLERK

VIOLATIONS:

SHOU CHAO LI

a/k/a "Driver," "Uncle," and "Mike"

DERONG MIAO

a/k/a "Amy," "Ronger," "Arong,"

"Anna," "Lily," and "LiLi"

Count One: 18 U.S.C. §§ 371

Counts Two & Three: 18 U.S.C. §§ 2,

1591(a)(1), (b)(1), 1594(a)

Count Four: 18 U.S.C. §§ 2, 1592

Counts Five - Nine: 18 U.S.C. § 2421(a)

INDICTMENT

The Grand Jury charges that:

INTRODUCTION

At all times relevant to this Indictment,

1. Defendants Shou Chao Li and Derong Miao, husband and wife, were Chinese nationals who were residing in the United States. The Defendants engaged in an interstate sex trafficking and prostitution scheme involving multiple female Chinese nationals ("Chinese females").

2. The Chinese females typically entered the United States using B-2 Non-Immigrant Visas (NIVs), which allow for temporary entry for purposes of pleasure, tourism, or medical treatment. Individuals using B-2 NIVs are not permitted to work while in the United States, and individuals who do so are in violation of law. Some of the Chinese females were employed outside the sex trafficking and prostitution industry when they first arrived in the United States, but were unable to earn a wage substantial enough to repay debts associated with their travel to the United States. Generally speaking, the Chinese females spoke little to no English and had no familiarity with, or contacts in, Maine and neighboring states, including New Hampshire and Vermont.

3. Prostitution was illegal in Maine, pursuant to 17-A MRSA 853-A.

COUNT ONE
Conspiracy

4. Paragraphs 1 – 3 of this Indictment are incorporated as if fully set forth here.

5. From about July 9, 2016 and continuing until at least about February 27, 2018, in the District of Maine and elsewhere,

SHOU CHAO LI
a/k/a “Driver” and “Uncle”
and
DERONG MIAO
a/k/a “Amy,” “Ronger,” “Arong,” “Anna,” “Lily,” and “LiLi”

knowingly and willfully conspired with each other, and with other persons known and unknown to the Grand Jury, to commit offenses against the United States, namely:

- a. to knowingly transport individuals in interstate commerce with intent that such individuals engage in prostitution, and attempt to do so, in violation of Title 18, United States Code, Section 2421;
- b. to knowingly persuade, induce and entice individuals to travel in interstate and foreign commerce to engage in prostitution, in violation of Title 18, United States Code, Section 2422(a); and
- c. to use a facility of interstate commerce with the intent to promote, manage, establish, carry on, and facilitate the promotion, management, establishment and carrying on of any unlawful activity, specifically, a business enterprise involving prostitution offenses in violation of the laws of the State in which they were committed and of the United States, and thereafter to perform and attempt to perform an act to promote, manage, establish, carry on, and facilitate the promotion, management, establishment, and carrying on of the unlawful activity, in violation of Title 18, United States Code, Section 1952(a)(3) and (b)(1).

OBJECT OF THE CONSPIRACY

6. The object of the conspiracy was to make money by promoting, managing, and facilitating illegal prostitution activity through the movement and isolation of Chinese females throughout Maine, New Hampshire and Vermont.

MANNER AND MEANS

7. It was part of the conspiracy that:

A. The Defendants identified Chinese females in the United States to engage in prostitution for the financial benefit of the Defendants and other co-conspirators.

B. Defendant Miao used WeChat, an online social media platform, among other means of communication, to recruit and entice the Chinese females.

C. Defendant Miao and other co-conspirators enticed Chinese females to work in the prostitution industry with promises of personally earning hundreds of dollars a day at various locations operated by the Defendants. This inaccurate and inflated figure did not incorporate operating costs and payments that were expected to be made to the Defendants and their co-conspirators for their roles in facilitating the prostitution.

D. The Defendants and other co-conspirators transported or caused the travel of the Chinese females to various residences and hotels in Maine, New Hampshire and Vermont, and deprived them of documents, food, clothing, room keys and other things to ensure they were unable to leave such locations without the consent and assistance of the Defendants and their co-conspirators.

E. The Defendants paid other co-conspirators to advertise the Chinese females for prostitution on Backpage.com, to communicate with prospective prostitution customers, and to arrange prostitution acts between the Chinese females and customers.

F. The Defendants directed the Chinese females to check in and provide periodic updates after a customer arrived at the hotel room or residence, when the customers had paid for the prostitution act, and after the customer had left.

G. The Defendants and other co-conspirators benefitted financially from the prostitution of the Chinese females.

OVERT ACTS

8. In furtherance of the conspiracy, and in order to accomplish the purposes and objects thereof, the Defendants, and other known and unknown to the Grand Jury, committed or caused to be committed one or more of the following overt acts, among others, in the District of Maine and elsewhere:

Houses of Prostitution

A. On about the following dates, one or more of the Defendants leased identified residential properties and used the properties as locations where acts of prostitution occurred:

(1) From about June 1 – July 18, 2016, Defendant Li rented the residence located at 5 Verrill Street in Portland, Maine.

(2) Beginning on about July 29, 2016, the Defendants rented the residence located at 977 Brighton Avenue in Portland, Maine.

(3) Beginning on about August 1, 2016, the Defendants rented the residence located at 43 West Street in Manchester, New Hampshire.

(4) Beginning on about September 18, 2016, the Defendants rented the residence located at 87 Harrington Avenue in Manchester, New Hampshire (“the New Hampshire residence”).

Recruitment, Transportation and Travel for Prostitution

B. In about May 2016, Defendant Maio used WeChat to recruit and entice Chinese Female (CF) #2, who was in China at the time, to engage in prostitution in the United States.

C. On August 17, 2016, after a prostitution customer left 977 Brighton Avenue (Portland, Maine), Defendant Li arrived at the residence and transported an Asian female by car to New Hampshire. Along the way, Defendant Li stopped at the Kennebunk, Maine rest area and disposed of a City of Portland trash bag into a dumpster. The trash bag contained multiple used condoms and flushable wipes.

D. In about September 2016, Defendant Maio used WeChat to recruit and entice CF #1, who was in Texas at the time, and CF #9, who was in New York at the time, to engage in prostitution in New Hampshire and Maine.

E. On about September 30, 2016, a male co-conspirator operating a vehicle registered to Defendant Li transported CF #8 from the Days Inn (South Portland, Maine) to downtown Boston, Massachusetts.

F. In about October 2016, the Defendants caused CF #1 (who arrived in the United States from China on September 9, 2016) to travel from Texas to Portsmouth, New Hampshire. The Defendants also caused CF #9 to travel from New York to New Hampshire in that same month.

G. In about October 2016, the Defendants caused CF #2 (who arrived in the United States from China on about September 20, 2016) to travel from New York to Boston, Massachusetts. Defendant Li then transported CF #2 from Boston the New Hampshire residence.

H. Between about October 7, 2016 and November 8, 2016, the Defendants caused CF #1 to engage in prostitution in Maine, New Hampshire and Vermont, and caused CF #9 to do the same in Maine.

I. On about October 7, 2016, Defendant Li transported CF #9 to the Travelodge (Portland, Maine) from New Hampshire.

J. On about October 10, 2016, the Defendants transported CF #1 from Dover, New Hampshire to the Travelodge (Portland, Maine). After that, the Defendants transported CF #9 from the Travelodge to the Days Inn (South Portland, Maine). Defendant Li then transported CF #6 from the Days Inn (South Portland, Maine) to the Motel 6 (Portsmouth, New Hampshire).

K. Between about November 3, 2016 and about December 6, 2016, the Defendants caused CF #2 to engage in prostitution in Maine, New Hampshire and Vermont. During this time, Defendant Li took, and maintained, possession of CF #2's passport.

L. On about November 14, 2016, Defendant Li transported CF #12 from the New Hampshire residence to the Days Inn (Kittery, Maine).

M. On about November 16, 2016, Defendant Li transported CF #12 from the Days Inn (Kittery, Maine) to the Portsmouth, New Hampshire Bus Terminal.

N. On about November 30, 2016, the Defendants transported CF #25 to the Travelodge (Portland, Maine) in a vehicle registered to Defendant Li. After that, the Defendants transported CF #8 from the Travelodge (Portland, Maine) to the Concord Coach Bus Terminal in Portland.

O. On about December 5, 2016, Defendant Li transported CF #2 from Massachusetts to Rhode Island to meet Defendant Miao. The Defendants then transported CF #2 to the New Hampshire residence.

P. On about December 6, 2016, Defendant Li transported CF #2 from the New Hampshire residence to the Econo Lodge (South Portland, Maine), and then transported CF #2 and CF #16 to the Travelodge (Portland, Maine). Defendant Li then transported CF #16 to another location.

Q. On about December 14, 2016 the Defendants arranged through Uber and otherwise for CF #2's transportation from Maine, to New Hampshire and then to Massachusetts.

R. On about March 20, 2017, Defendant Miao rented Room 208 of the Motel 6 (Portsmouth, New Hampshire) for CF #5. That same day, Defendant Miao and an unidentified Asian male transported CF #5 to a nearby store in a vehicle registered to Defendant Li.

S. On about October 30, 2017, Defendant Miao transported CF #9 to the Best Western (Portsmouth, New Hampshire) where a room was rented in CF #9's name using Defendant Miao's credit card.

Promotion and Management of Prostitution Business Enterprise

T. On about August 18, 2016, Defendant Miao wired approximately \$3,190 to Co-Conspirator A, who was outside of Maine, for purposes of advertising Chinese females for prostitution at locations rented by, or associated with, the Defendants.

U. On about September 18, 2016, Defendant Miao wrote a check on a joint

checking account she shared with Defendant Li in the amount of \$1,880, payable to Co-Conspirator A so that Co-Conspirator A could pay for the cost of advertising Chinese females for prostitution on Backpage.com.

V. On about the dates set forth in the table below, the Defendants leased/rented the identified locations, where the identified Chinese females were actual or registered guests. The Defendants also caused co-conspirators outside of Maine to advertise the Chinese females online for prostitution using Backpage.com. The advertisements directed customers to such locations identified in the table.

W. On about October 14, 2016, Defendant Li monitored at least one customer's arrival at the Motel 6 (Portsmouth, New Hampshire) where CF # 6 was the actual guest of Room 311.

Rental Date	Location Rented by Defendants	Guest	Date of Advertisement for Prostitution Directing Customers to Same Location
8/18/2016	977 Brighton Avenue, Portland, ME	Unidentified	8/18/2016
8/23/2016	43 West Street, Manchester, NH	Unidentified	8/23/2016
8/24/2016	Motel 6 (Room 308), Portsmouth, NH	Unidentified	8/24/2016
9/28/2016	Days Inn (Room 132), South Portland, ME	CF #8	9/28/2016
9/28/2016	87 Harrington Avenue, Manchester, NH	Unidentified	9/28/2016
10/2/2016	Days Inn (Room 103), South Portland, ME	CF #6	10/7/2016
10/2/2016	Motel 6 (Room 216), Portsmouth, NH	CF #1	10/7/2016
10/7/2016	Travelodge (Room 228), Portland, ME	CF #9	unknown
10/8/2016	Days Inn, Dover, NH	CF #1	unknown
10/10/2016	Travelodge (Room 228), Portland, ME	CF #1	10/10/2016
10/10/2016	Days Inn (Room 209), South Portland, ME	CF #9	10/12/2016
10/10/2016	Motel 6 (Room 311), Portsmouth, NH	CF #6	10/10/2016 & 10/14/2016
10/17/2016	Days Inn (Room 107), South Portland, ME	CF #22	unknown
10/26/2016	Travelodge, Portland, ME	CF #11	10/26/2016
10/27/2016	Room 107, Days Inn, South Portland, ME	CF #11	unknown
10/29/2016	La Quinta (Room 215), South Burlington, VT	CF #1	10/29/2016
11/3/2016	Microtel Inn & Suites (Room 308), Dover, NH	CF #2	11/5/2016
11/6/2016	Comfort Inn (Room 228), South Portland, ME	CF #1	11/7/2016 & 11/8/2016
11/6/2016	Quality Inn & Suites (Room 236), Colchester, VT	CF #2	unknown
11/13/2016	Travelodge (Room 118), Portland, ME	CF #8	11/16/2016
11/14/2016	Days Inn (Room 171), Kittery, ME	CF #12	unknown
11/14/2016	Econo Lodge (Room 200), South Portland, ME	CF #13	11/18/2016

Rental Date	Location Rented by Defendants	Guest	Date of Advertisement for Prostitution Directing Customers to Same Location
11/19/2016	Days Inn (Room 171) Kittery, ME	CF #2	unknown
11/26/2016	Days Inn (Room 171), Kittery, ME	CF #2	11/27/2016
11/28/2016	Econo Lodge (Room 208), South Portland, ME	CF #15	11/29/2016
11/30/2016	Travelodge (Room 119), Portland, ME	CF #25	11/28/2016
12/4/2016	Days Inn (Room 202), South Portland, ME	CF #15	12/5/2016 & 12/6/2016
12/4/2016	Econo Lodge (Room 100), South Portland, ME	CF #16	12/5/2016
12/6/2016	Travelodge (Room 118), Portland, ME	CF #2	12/6/2016
3/20/2017	Motel 6 (Room 308), Portsmouth, NH	CF #5	unknown
4/5/2017	Days Inn (Room 179), Kittery, ME	CF #7	4/9/2017 & 4/10/2017
4/11/2017	Days Inn (Room 185), Kittery, ME	CF #6	4/11/2017
10/30/2017	Best Western (Room 169), Portsmouth, NH	CF #9	unknown

X. Between about April 3, 2017 and April 11, 2017, Defendant Miao communicated with CF # 6 by telephone on multiple occasions while CF #6 was a registered guest at the Days Inn (Kittery, Maine).

Prostitution Proceeds

Y. On about October 7, 2016, Defendant Li traveled from New Hampshire to the Days Inn (South Portland, Maine), where CF # 6 was an actual guest, to collect proceeds of prostitution. Defendant Li then traveled from Maine to the Motel 6 (Portsmouth, New Hampshire), where CF # 1 was a registered guest, in order to collect proceeds of prostitution.

Z. Between December 10 and 19, 2016, Defendant Miao traveled to Foxwoods Resort Casino in Mashantucket, Connecticut and distributed proceeds generated from the prostitution work of the Chinese females in Maine and elsewhere. Thus, the Defendants violated Title 18, United States Code, Section 371.

COUNT TWO **Sex Trafficking by Fraud & Coercion – CF #1**

From about October 1, 2016 and continuing until about November 8, 2016, in the District of Maine and elsewhere, the defendants,

SHOU CHAO LI
a/k/a “Driver” and “Uncle”
and
DERONG MIAO
a/k/a “Amy,” “Ronger,” “Arong,” “Anna,” “Lily,” and “LiLi”

knowingly recruited, enticed, harbored, transported, provided, obtained, and maintained by any means, CF #1, in and affecting interstate and foreign commerce, and benefitted, financially and by receiving anything of value, from participation in a venture which engaged in such acts, knowing and in reckless disregard of the fact that means of fraud and coercion, and any combination of such means, would be used to cause CF #1 to engage in a commercial sex act; and attempted to do so.

Thus, the Defendants violated Title 18, United States Code, Sections 1591(a)(1), (a)(2), (b)(1), 1594(a).

COUNT THREE
Sex Trafficking by Fraud & Coercion– CF #2

From about October 7, 2016 and continuing until about December 6, 2016, in the District of Maine and elsewhere, the defendants,

SHOU CHAO LI
a/k/a “Driver” and “Uncle”
and
DERONG MIAO
a/k/a “Amy,” “Ronger,” “Arong,” “Anna,” “Lily,” and “LiLi”

knowingly recruited, enticed, harbored, transported, provided, obtained, and maintained by any means, CF #2, in and affecting interstate and foreign commerce, and benefitted, financially and by receiving anything of value, from participation in a venture which engaged in such acts, knowing and in reckless disregard of the fact that means of fraud and coercion, and any combination of such means, would be used to cause CF #2 to engage in a commercial sex act; and attempted to do so.

Thus, the Defendants violated Title 18, United States Code, Sections 1591(a)(1), (a)(2), (b)(1), 1594(a).

COUNT FOUR
Unlawful Conduct Regarding Documents in Furtherance of Trafficking

Beginning on about October 7, 2016 and continuing until about December 6, 2016, in the District of Maine and elsewhere, Defendant

SHOU CHAO LI
a/k/a “Driver” and “Uncle”

did knowingly possess the actual and purported passport of Chinese Female 2 in the course of violating Title 18, United States Code, Section 1591, and with intent to violate section 1591.

Thus, Defendant Li violated Title 18, United States Code, Section 1592(a)(1) and (a)(2).

COUNTS FIVE - NINE
Interstate Transportation for Prostitution

From on about October 7, 2016 until on about December 6, 2016 in the District of Maine and elsewhere, Defendants

SHOU CHAO LI
a/k/a “Driver” and “Uncle”
and
DERONG MIAO
a/k/a “Amy,” “Ronger,” “Arong,” “Anna,” “Lily,” and “LiLi”

knowingly caused individuals to be transported in interstate commerce with the intent that the individuals engage in prostitution, and aided and abetted such conduct, as set forth below:

Count	Date	Individual Transported	From	To
FIVE	10/7/2016	Chinese Female 9	New Hampshire	Maine
SIX	10/10/2016	Chinese Female 1	New Hampshire	Maine
SEVEN	10/10/2016	Chinese Female 6	Maine	New Hampshire
EIGHT	11/14/2016	Chinese Female 12	New Hampshire	Maine
NINE	12/6/2016	Chinese Female 2	New Hampshire	Maine

Thus, Defendants violated Title 18, United States Code, Sections 2421(a) and 2.

FORFEITURE ALLEGATIONS

FIRST FORFEITURE ALLEGATION

Conspiracy/SUA Proceeds

1. The allegations contained in Count One of this Indictment are hereby re-alleged and incorporated by reference for the purpose of alleging forfeitures pursuant to 18 U.S.C. § 981(a)(1)(C) and 28 U.S.C. § 2461(c).

2. Pursuant to 18 U.S.C. § 981(a)(1)(C) and 28 U.S.C. § 2461(c), upon conviction of a conspiracy to violate 18 U.S.C. §§ 2421, 2422(a) and 1952, in violation of 18 U.S.C. §371, the Defendants

SHOU CHAO LI
a/k/a “Driver” and “Uncle”
and

DERONG MIAO
a/k/a “Amy,” “Ronger,” “Arong,” “Anna,” “Lily,” and “LiLi”

shall forfeit to the United States of America any property, real or personal, which constitutes or is derived from proceeds traceable to said violations. The property to be forfeited includes, but is not limited to, the following: \$2,000 in U.S. currency.

SECOND FORFEITURE ALLEGATION

Sex Trafficking

3. The allegations contained in Counts Two through Four of this Indictment are hereby re-alleged and incorporated by reference for the purpose of alleging forfeitures pursuant to 18 U.S.C. § 1594.

4. Pursuant to 18 U.S.C. § 1594, upon conviction of an offense in violation of 18 U.S.C. §§ 1591 or 1592, the Defendants,

SHOU CHAO LI
a/k/a "Driver" and "Uncle"
and
DERONG MIAO
a/k/a "Amy," "Ronger," "Arong," "Anna," "Lily," and "LiLi"

shall forfeit to the United States of America (1) any property, real or personal, involved in, used, or intended to be used to commit or to facilitate the commission of the offenses, and any property traceable to such property; and (2) any property, real or personal, constituting or derived from, any proceeds obtained, directly or indirectly, as a result of the offenses, and any property traceable to such property. The property to be forfeited includes, but is not limited to, the following: \$2,000 in U.S. currency.

THIRD FORFEITURE ALLEGATION
Interstate Transportation for Prostitution

5. The allegations contained in Counts Five through Nine of this Indictment are hereby re-alleged and incorporated by reference for the purpose of alleging forfeitures pursuant to 18 U.S.C. § 2428.

6. Pursuant to 18 U.S.C. § 2428, upon conviction of an offense in violation of 18 U.S.C. § 2421, the Defendants

SHOU CHAO LI
a/k/a "Driver" and "Uncle"
and
DERONG MIAO
a/k/a "Amy," "Ronger," "Arong," "Anna," "Lily," and "LiLi"

shall forfeit to the United States of America any property, real or personal, that was used or intended to be used to commit or to facilitate the commission of the offenses and any property, real or personal, constituting or derived from any proceeds obtained, directly or indirectly, as a

result of the offenses. The property to be forfeited includes, but is not limited to, the following:
\$2,000 in U.S. currency.

SUBSTITUTE ASSETS FORFEITURE ALLEGATION


7. If any of the property described above in the First, Second or Third Forfeiture Allegations, as a result of any act or omission of the Defendants:

- A. cannot be located upon the exercise of due diligence;
- B. has been transferred or sold to, or deposited with, a third party;
- C. has been placed beyond the jurisdiction of the court;
- D. has been substantially diminished in value; or
- E. has been commingled with other property which cannot be divided without difficulty,

the United States of America shall be entitled to forfeiture of substitute property pursuant to 21 U.S.C. § 853(p), as incorporated by 28 U.S.C. § 2461(c).

A TRUE BILL,
Signature redacted – original on file with Clerk's office

GRAND JURY FOREPERSON


Assistant United States Attorney
Dated: 11/30/18